



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Sean Rogan
Executive Director

July 8, 2014

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

21 July 22, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**ADOPT RESOLUTION APPROVING ISSUANCE OF TAX-EXEMPT MULTIFAMILY
HOUSING MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN THE
CITY OF SANTA MONICA
(DISTRICT 3) (3 VOTES)**

SUBJECT

This letter requests that your Board adopt a resolution approving the issuance of tax-exempt multifamily housing mortgage revenue bonds to finance the site acquisition and rehabilitation of the Santa Monica Rental Housing Construction Program (RHCP) development, a 41-unit multifamily rental housing development in the City of Santa Monica.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt and instruct the Chairman to sign a resolution, as required under Section 147(f) of the Internal Revenue Code of 1986, approving the issuance of tax-exempt multifamily housing mortgage revenue bonds by the Housing Authority, in an amount not exceeding \$8,000,000, to Santa Monica L.P. (Developer), a California Limited Partnership, to finance the site acquisition and rehabilitation of a 41-unit multifamily rental housing development in the City of Santa Monica.
2. Find that adoption of this resolution is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action will not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended actions will authorize the issuance of tax-exempt multifamily housing mortgage revenue bonds, in an aggregate amount not to exceed \$8,000,000, to finance the site acquisition and rehabilitation of the Santa Monica RHCP development (Project).

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The bonds will be repaid solely through rent revenues collected by the Developer. The Developer will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Project is located on scattered sites at 1855 9th Street, 1450 14th Street, and 2006 20th Street in the City of Santa Monica, and is comprised of 29 two-bedroom units and 12 three-bedroom units. Eight of the units will be reserved for households with incomes that do not exceed 50% of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). Thirty-two of the units will be reserved for households with incomes that do not exceed 60% of AMI. The affordability requirements will remain in effect for 55 years, except for the manager's unit, which has no affordability requirements.

On June 21, 2013, the Housing Authority conducted a hearing at its office located at 700 W. Main Street in Alhambra regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of the Project. On July 9, 2013, the Board of Commissioners of the Housing Authority adopted a resolution announcing the intent to issue Multifamily Housing Mortgage Revenue Bonds.

On July 9, 2013, the Board of Supervisors adopted a resolution approving the issuance of the bonds. Adoption of this resolution was required prior to the submission of the Housing Authority's application to the California Debt Limit Allocation Committee for a private activity bond allocation.

Under Internal Revenue Code regulations, the resolution approving the bond issuance is valid for 12 months, and bonds must be issued by the end of that period. The bonds were not issued by the original deadline of July 8, 2014, due to delays in negotiations with the Lessor. Therefore, your Board is being asked to adopt the attached resolution to approve the issuance of the bonds. This will extend the deadline and allow the bonds to be issued any time before July 8, 2015. It is anticipated that the bonds will be issued no later than December 31, 2014.

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The attached resolution was prepared by Kutak Rock, Housing Authority Bond Counsel, and approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

This action, adoption of a resolution approving the issuance of tax-exempt multifamily housing mortgage revenue bonds, is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 1560(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROJECT

The proposed action is a necessary step to facilitate bond financing for the Project, which will increase the supply of affordable multifamily housing in the County with long-term affordability.

Respectfully submitted,



SEAN ROGAN
Executive Director

Enclosures

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING
REVENUE BONDS AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Authority") intends to adopt a plan of financing to sell and issue multifamily housing revenue bonds in one or more series issued from time to time, and at no time to exceed \$8,000,000 in outstanding aggregate principal amount (the "Bonds"), in order to assist in financing (including reimbursement of Borrower's expenditures) the acquisition, construction, development and rehabilitation of a multifamily rental housing development consisting of 41 scattered site units located at 1855 9th Street, 1450 14th Street and 2006 20th Street, Santa Monica, California 90404 (the "Project"), to be owned by Santa Monica RHCP, LP (an affiliate or assign of Santa Monica-Villa Nueva, L.P.); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the Bonds are required to be approved prior to their issuance by the applicable elected representative of the governmental unit on whose behalf the bonds are expected to be issued and by each governmental unit having jurisdiction over the area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the interest on the Bonds may qualify for exclusion from gross income under Section 103 of the Internal Revenue Code of 1986 (the "Code"), only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, the Project is located wholly within the County of Los Angeles, California and is within the City of Santa Monica; and

WHEREAS, the City of Santa Monica or the Santa Monica Housing Authority has approved the issuance by the Authority of the Bonds for the Project within the City of Santa Monica;

WHEREAS, this Board of Supervisors is the elected legislative body of the County and is the applicable elected representative of the Authority within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the Housing Authority of the County of Los Angeles has, following notice duly given, held a public hearing regarding the plan of financing and the issuance of such Bonds on June 21, 2013 and adopted an approving resolution July 9, 2013, which approval was effective for a year;

WHEREAS, the Bonds may be issued for the Project after July 8, 2014, which will be after the one year period described in the preceding paragraph; and

WHEREAS, this Board hereby finds and declares that this resolution is being adopted pursuant to the powers granted by law;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board of Supervisors hereby approves the plan of financing and the issuance of the Bonds by the Authority to finance costs of the Project. It is the purpose and intent of this Board of Supervisors that this Resolution constitute approval of the plan of financing and the Bonds by the applicable elected representative of the issuer of the Bonds and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f) of the Code.
3. The proper officers of the Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable, provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by the Board of Commissioners of the Authority in the manner provided by law prior to the sale thereof.
4. The Executive Officer-Clerk of the Board of Supervisors or a deputy thereof is directed to certify and deliver a copy of this Resolution to the Authority.
5. This Resolution shall take effect immediately upon its adoption.

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PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles,
State of California, this 22nd day of July, 2014, by the following vote:

AYES: Supervisors Molind, Ridley-Thomas, Varoslausk, Artimevich and Knabe

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE



By Don Knabe
Chairman of the Board of Supervisors

ATTEST:

SACHI A. HAMAI,
Executive Officer-Clerk
of the Board of Supervisors

By: [Signature]

Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI,
County Counsel

By: Behrez Jishako

Deputy